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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

RECEIVED
JAN 14 2004
TC 1700

In re Application of

Toru SHIRASAKI

Serial No.: 09/752,688

Filed: January 3, 2001

For: CONTAINER FOR FRAMED PELLICLE

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: Group Art Unit: 1772
:
: Examiner: Marc A. Patterson
:
:

APPLICANT'S BRIEF ON APPEAL

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TABLE OF CONTENTS

	<u>Page</u>
REAL PARTY OF INTEREST.....	1
RELATED APPEALS AND INTERFERENCES.....	2
STATUS OF CLAIMS.....	2
STATUS OF AMENDMENTS.....	2
SUMMARY OF INVENTION.....	2
ISSUE.....	3
1. Rejection Under 35 USC §102(b)	
GROUPING OF CLAIMS.....	3
ARGUMENTS.....	4
The Rejection Under 35 USC §102 is Improper And Should Be Reversed	
CONCLUSION.....	10

EXHIBITS

- Exhibit 1- Claims on Appeal
- Exhibit 2- Chisum on Patents, Section 3.02(1)
- Exhibit 3- Chisum on Patents, Section 3.02(1)(b)
- Exhibit 4- Transclean Corp. v. Bridgewood Services Inc. 62 USPQ24 1865

TABLE OF CASES AND AUTHORITIES

	<u>Page</u>
<u>STATUTES</u>	
35 USC 102(b).....	4
<u>TREATISE</u>	
Chisum on Patents, Donald S. Chisum 2003	
Section 3.02(1).....	7
Section 3.02(1)(b).....	7
<u>CASES</u>	
Transclean Corp. v. Bridgewood Services Inc. 62 USPQ2d 1865.....	8
<u>RULES</u>	
MPEP Section 2131.....	4



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APPLICANT'S BRIEF ON APPEAL

Sir:

The Applicant submits herewith three copies of a Brief in support of his Appeal from a Final Rejection by the Primary Examiner of claims 8-14 in the above-captioned application. The requisite fee of \$165.00 as set forth in 37 CFR 1.17(C) accompanies this Brief.

REAL PARTY OF INTEREST

The real party in interest is Shin-Etsu chemical Co., Ltd., a corporation of Japan.

RELATED APPEALS AND INTERFERENCES

The Applicant and the Applicant's attorney know of no other appeal or interference which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

STATUS OF CLAIMS

Claims 8-14 were finally rejected on April 22, 2003 and are the subject of this appeal. A copy of Claims 8-14 as amended, are attached hereto as Exhibit 1.

STATUS OF AMENDMENTS

The Amendment of September 22, 2003 has been entered.

SUMMARY OF THE INVENTION

The following is a concise explanation of the invention as defined by claims 8-14 which are involved in this appeal. The summary includes the page, paragraph and line numbers which refer to the Applicant's specification as well as figures and numbers which refer to elements in the specification and claims.

The present invention relates to a container for a framed pellicle and more particularly to a container for containing a framed pellicle used for dust proof protection of a photo mask in the photo lithographic patterning works, (page 1, paragraph 001, lines 1-4).

As illustrated in Figure 2, the container 7 of the present invention is an assembly composed of a container base 7A and a covering 7B mounted on the container base 7A, (page 6, paragraph 0017, lines 1-3 and Figure 2). When the covering 7B is mounted on the container base 7A in place, an inside space 7C is formed to contain a framed pellicle 6, (page 6-7, paragraph 0017, lines 3-5). The most characteristic feature of the invention is that in a container 7 for a framed pellicle, at least the surface layer of the container 7, i.e., the container base 7A and covering 7B, facing the inside space 7C are formed from an inorganic material which can be a metal or alloy, glass material or ceramic material, (page 7, paragraph 0018, lines 1-5 and Figures 2 and 3). Examples of the metal and alloy suitable for the purpose include aluminum,

copper, iron and stainless steel, (page 7, paragraph 0018, lines 5 and 6). The ceramic material... is exemplified by silicon nitride, silicon carbide, zirconia, alumina, boron nitride and the like, (page 7, paragraph 0018, lines 12-14).

Instead of forming the entire body of the container 7 from the above-mentioned inorganic material as illustrated in Figure 2, it is optional that the walls of the container have a composite layered structure consisting of a core 8A or 8B made from a conventional resin and cladding layers 9, 10 of an inorganic material as the outer and inner surfaces, respectively of the cores 8A, 8B as is illustrated in Figure 3 by a vertical cross sectional view containing a framed pellicle 6 in the inside space, (page 7, paragraph 0019, lines 1-8). The cladding layers 10 of an inorganic material on the outer surface of the container base and covering are not essential and can be omitted as illustrated in Figure 4, (page 7, paragraph 0019, lines 8-11).

The inorganic cladding layer 10 on the inner surfaces of the cores 8A, 8B of the container should desirably have a thickness of at least 0.1 μm ., (page 8, paragraph 0020, lines 1-3).

ISSUE

The sole issue in this appeal is whether claims 8-14 are anticipated under 35 USC §102(b) by Yen (U.S. Patent Number 4,470,508).

GROUPING OF THE CLAIMS

The rejected claims do not stand or fall together for the reasons set forth herein under arguments.

ARGUMENTS

35 USC §102(b) provides:

A person shall be entitled to a patent unless-

(b) the invention was patented or described in a printed publication in this or a foreign country... more than one year prior to the date of application for patent in the United States...

In the present case, the invention as defined in claims 8-14 was not patented or described in a printed publication in this or a foreign country or in public use or on sale in this country more than one year prior to the date of application for a patent in the United States.

As set forth in the Manual of Patent Examining Procedures Section 2131:

TO ANTICIPATE A CLAIM, THE REFERENCE MUST TEACH EVERY ELEMENT OF THE CLAIM

a claim is anticipated only if each and every element as set forth in the claim is found either expressly or inherently described in a single prior art reference. (Cite Omitted) The identical invention must be shown in as complete detail as is contained in the...claim. Richardson v. Suzuki Motor Co. 868 F2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989). The elements must be arranged as required by the claim...(Emphasis Added)

In the present case, the identical invention has not been shown in as complete detail as is contained in amended claims 8-14. In fact, each and every element as set forth in amended claims 8-14 is not found either expressly or inherently described in a single prior art reference. To be more specific, claim 8 calls for a container base including a first surface area and a covering including a surface mounted on said container base to form an inside space between said first surface area of said container base and said surface of said covering and wherein said

first surface area and said surface of said covering are formed of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics.

The Yen, U.S. Patent Number 4,470,508 does not disclose or suggest a container base including a first surface area and a covering including a surface mounted on said container base to form an inside space between said first surface area of said container base and said surface of said covering and wherein said first surface area and said surface of said covering are formed of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics.

In fact, the Yen patent is silent on the container material and teaches away from Applicant's novel construction. In the Yen patent, the inside surface of the container box is covered with a layer of an adhesive which is of organic material. As stated in the Yen reference, "the adhesive layer 28 is uniform over the entire inner surface of each lateral panel 20 to the extent that there is no exposed section of the lateral panel 20 which is not covered by the adhesive 28 (see column 3, lines 50 at seq). In column 5, lines 25-29, the Yen patent states "the preferred contact adhesive must also have various properties. Initially, it needs to be sufficiently sticky that it captures and retains as high a percentage as possible of particulate material which may be trapped within the interior of the container.

For contrast, Applicant's invention provides a container for a framed pellicle which is free from the emission of any organic matter which might be adsorbed on the pellicle membrane to thereby decrease the light-transmissivity and acceleration of degradation of the pellicle membrane (see page 5, paragraph 0010). The Yen reference does not address this problem and does not disclose or suggest Applicant's novel combination of elements i.e., a container base and a covering the surface of each of which is an inorganic material. Accordingly, it is Applicant's contention that claims 8-14 should be allowed.

In Yen, the inside surface of the container box is covered with a layer of adhesive which is an organic material. See column 3, lines 50 at seq. Accordingly, it does not anticipate claims 8-14 which require that the surfaces are formed on an inorganic material selected from the group consisting of metals, alloys, glass and ceramics. The fact that a spacing block included in the container may be made of aluminum does not disclose or suggest having the surface of a container base and the surface of the covering made of an inorganic material.

The advantage obtained by the presently claimed invention is a decreased emission of contaminant gases from the inside of the container walls by forming the inside surfaces from an inorganic material. The disclosure of Yen does not disclose this concept and apparently completely overlooked the problem. Therefore, the Yen structure is likely to omit a relatively large volume of contaminant gases.

In the aforementioned "Final Office Action" the Examiner argued that

...at least par of the surface of the inside surface comprising an inorganic material (spacer blocks comprising aluminum, see column 5, lines 18-24).

Further, in the "Advisory Action" the Examiner argues that the spacer blocks which comprise there own surfaces are held within the four corners of the container (column 5, lines 18-24 Figure 1) and therefore clearly constitute part of the inside surface of the container box. The Examiner went on to state furthermore, the container base includes a first surface area (of a spacer block and the covering also includes a surface area of a spacer block) each of which is formed of an inorganic material.

It is respectfully submitted that the spacer block does not constitute part of the inside surface of the container as defined by claims 8-14. Clearly, it is not seen how the covering also includes a surface area of a spacer block since the covering clearly does not touch the spacer block. Further, it is Applicant's contention that the spacer block is not part of the container base it is a separate element as clearly defined in the Yen patent.

The Examiner also argues that Yen teaches that aluminum and polyethylene are equivalent materials for making the container and Yen also teaches a modification in which the spacer blocks are cemented to the container and covering therefore comprising part of the container and covering (column 4. lines 56-59).

It is respectfully submitted that column 4, lines 56-59 do not teach that the spacer blocks are cemented to the container and covering. They do not comprise part of the container and covering. To be more specific, column 4, lines 56-59 state:

One modification of the method may be to coat the entire interior of the container with the adhesive layer. The adhesive may then be used to cement the spacer blocks 24 or rings in place.

The above does not teach that the spacer block is part of the covering and does not remotely suggest that the spacer blocks be cemented to the covering. Further, the fact that the entire interior of the container is coated with an adhesive layer which may be used to cement the spacer blocks 24 or rings in place clearly teaches that the entire interior of the container which would include the spacer blocks may be coated with the adhesive layer and that adhesive layer may be used to cement the spacer blocks 24 or rings in place. It does not teach that the container base and the surface of the covering being formed of an inorganic material. The fact is this concept is not disclosed by Yen which teaches an adhesive organic surface on the container base and covering. Accordingly, the rejection under 35 USC §102 should be reversed.

As stated in Chisum on Patents Section 3.02(1) (Exhibit 2):

The standard for lack of novelty, that is, for “anticipation,” is one of strict identity. To anticipate a claim for a patent, a single prior source must contain all its essential elements. (Emphases Added)

In the present case, the Examiner has failed to meet the test of strict identity since there is no structural identity between the cited spacer element and Applicant’s container base and/or covering. Accordingly, the rejection under 35 USC §102(b) should be reversed.

As further stated in Chisum on Patents Section 3.02(1)(b) (Exhibit 3):

Federal Circuit decisions repeatedly emphasize that anticipation (lack of novelty) is established only if (1) all the elements of an invention, as stated in a patent claim (2) are identically set forth,¹¹ (3) in a single prior art reference.¹²

It is clear that all of the elements of claims 8-14 are not identically set forth in the Yen reference. Accordingly, the Examiner's rejection of claims 8-14 should be reversed. The above statement are further supported by *Transclean Corp. v. Bridgewood Services Inc.* 62 USPQ2d 1865, 1869 (fed. cir. 2002). As stated therein:

A determination that a patent is invalid as being anticipated under 35 USC §102(b) requires a finding that "each and every limitation is found either expressly or inherently in a single prior art reference. (Exhibit 4)

It is respectfully submitted that each and every limitation of claims 8-14 are not expressly or inherently found in the Yen reference. Accordingly, claims 8-14 should be allowed.

Amended claim 9 calls for a container according to claim 8 in which said container base and said covering consist of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics. The Yen reference is silent about the material of the container base and covering. However, in view of the organic coating, it does not provide any motivation for a person of ordinary skill in the art to use an inorganic material. As previously mentioned, Yen did not address the problem of outgassing. Accordingly, it does not anticipate amended claim 9.

Claim 10 calls for a container according to claim 8 in which the covering is made of a plastic material and in which said covering and said base each include a layer selected from the group consisting of metals, alloys, glass and ceramics. This structure is not disclosed by Yen. As previously stated, Yen does not disclose the material of the cover. Further, Yen does not disclose or suggest a plastic cover or the base of the container including a layer selected from the group consisting of metals, alloys, glass and ceramics.

In the final rejection of claim 10, the Examiner argued:

...Yen teaches that aluminum and polyethylene are equivalent materials for making the container (column 5, lines 18-24).

In fact, Yen does not teach that aluminum and polyethylene are equivalent material for making the container. What Yen does teach is that the spacer block 24 and a ridge (assumed to refer to a ring) can be made of “any of numerous readily available commercial spacing materials, such as polyethylene acrylic or aluminum may be adequate for this purpose.” Therefore, since Yen does not suggest that aluminum and polyethylene are suitable for making the container, the rejection under 35 USC §102 should be reversed and claim 10 should be allowed.

Claim 11 is dependent on claim 10 and calls for said container base and said covering each include a second surface and in which each of said second surfaces include a layer formed of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics. Yen does not disclose a container wherein the container base and cover each include a second surface and wherein each includes a layer formed of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics. Therefore, the rejection of claim 11 under 35 USC §102(b) should be reversed.

Claim 12 is also dependent on claim 10 and further distinguished over the Yen reference by calling for the layer formed on each of said container base and said covering having a thickness of at least 0.1 μ m. This limitation is not disclosed by Yen. Accordingly, the rejection under 35 USC §102(b) should be reversed.

Claim 13 is dependent on claim 8 but calls for the metal or alloy being selected from the group consisting of aluminum, copper, iron and stainless steel. The Yen reference does not disclose a container base with a first surface area and a covering including a surface wherein the surfaces are formed of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics and wherein the metal or alloy is selected from the group consisting of aluminum, copper, iron and stainless steel. The Yen patent does not anticipate this claim by teaching that aluminum or numerous other materials may be used for a spacer.

Claim 14 is dependent on claim 8 but calls for said first surface area and said inner surface of said covering including a layer formed from an inorganic material selected from the group consisting of silicon nitride, silicon carbide, zirconia, alumina and boron nitride. The Yen reference does not disclose or suggest a layer formed of an inorganic material selected from the group consisting of silicon nitride, silicon carbide, zirconia and boron nitride. Therefore, the

rejection of claim 14 under 35 USC §102 should be reversed.

CONCLUSION

In view of the above, the Examiner's rejection of claims 8-14 under 35 USC §102(b) should be reversed.

Respectfully submitted,

Dated: December 22, 2003

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EXHIBIT 1

CLAIMS:

8. A container for a framed pellicle comprising a container base including a first surface area and a covering including a surface mounted on said container base to form an inside space between said first surface area of said base and said surface of said covering, and a framed pellicle disposed within said inside space and wherein said first surface area and said surface of said covering are formed of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics.
9. A container for a framed pellicle according to claim 8 in which said container base and said covering consist of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics.
10. A container for a framed pellicle according to claim 8 in which said covering is made of a plastic resin and in which said covering and said base each include a layer selected from the group consisting of metals, alloys, glass and ceramics.
11. A container for a framed pellicle according to claim 10 in which said container base and said covering each include a second surface and in which each of said second surfaces include a layer formed of an inorganic material selected from the group consisting of metals, alloys, glass and ceramics.
12. A container for a framed pellicle according to claim 10 in which the layer formed on each of said container base and said covering have a thickness of at least 0.1 μ m.
13. A container for a framed pellicle according to claim 8 in which the metal or alloy is selected from the group consisting of aluminum, copper, iron and stainless steel.

14. A container for a framed pellicle according to claim 8 wherein said first surface area and said inner surface of said covering including a layer formed from an inorganic material selected from the group consisting of silicon nitride, silicon carbide, zirconia, alumina and boron nitride.

§ 3.02 The Standard of Anticipation

All of the novelty provisions refer to “the invention” being known, used, patented, described or made by another prior to the applicant’s invention thereof.¹

[1]—The Classic Infringement Test—Identity

The standard for lack of novelty, that is, for “anticipation,” is one of strict identity. To anticipate a claim for a patent, a single prior source must contain all its essential elements.¹

Similarity or identity such as will negate novelty and constitute anticipation is determined by reference to the language of the claim of the patent or application. In this respect, the inquiry as to anticipation is symmetrical with the inquiry as to infringement of a patent.²

[a]—Lower Court Decisions Up to 1983: Essential Identity; “Technical Defense.” Decisions by the regional circuits and district courts prior to the creation of the Federal Circuit in October 1982 required that a single prior art reference must show the same invention later claimed in order to establish lack of novelty (anticipation).³ Some decisions suggested that there was sufficient

§ 3.02

¹ 35 U.S.C. § 102(a); 35 U.S.C. § 102(e), 35 U.S.C. § 102(g).

See *Herman v. William Brooks Shoe Co.*, 54 USPQ2d 1046 (S.D. N.Y. 2000).

§ 3.02[1]

¹ See *Crucible, Inc. v. Stora Kopparbergs Bergslags AB*, 594 F. Supp. 1249, 226 USPQ 36, 40 (W.D. Pa. 1984), *aff’d in part & remanded in part sub nom. Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565, 230 USPQ 81 (Fed. Cir. 1986), *cert. denied*, 479 U.S. 1034 (1987) (citing Treatise); *Studiengesellschaft Köhle mbH v. Dart Indus.*, 549 F. Supp. 716, 216 USPQ 381 (D. Del. 1982), *aff’d*, 726 F.2d 724, 220 USPQ 841 (Fed. Cir. 1984) (citing Treatise); *In re Certain Caulking Guns*, 223 USPQ 388 (U.S. Int’l Trade Comm’n 1984) (citing Treatise).

² E.g. *Bott v. Four Star Corp.*, 218 USPQ 358 (E.D. Mich. 1983), *aff’d*, 732 F.2d 168 (Fed. Cir. 1984) (unpublished) (citing Treatise).

See also *Mehl/Biophile International Corp. v. Milgraum*, 8 F. Supp. 2d 434, 443-44, 47 USPQ2d 1248, 1254-55 (D. N.J. 1998), *aff’d*, 192 F.3d 1362, 52 USPQ2d 1303 (Fed. Cir. 1999) (“To determine whether a patent is anticipated by prior art under Section 102, the Court must undertake a three-step analysis. The first step is to construe the patent claims to determine their meaning in light of the specification and prosecution history. . . . The second step in assessing whether a piece of prior art anticipates a patent requires the Court to compare the properly construed claims with the subject matter described in the prior art reference and identify the corresponding elements disclosed in the allegedly anticipating reference. . . . The third step requires the Court to determine whether the prior art reference is enabling, thereby placing the allegedly disclosed matter in the possession of the public.”).

For a discussion of the construction and interpretation of claims to determine infringement, see Chapter 18.

³ *Scott v. Inflatable Sys., Inc.*, 701 F.2d 186, 222 USPQ 460 (9th Cir. 1983); *Del Mar Engineering*

a slightly-differing prior product or process may not render a later invention obvious.

[b]—Federal Circuit Decisions; Strict, Not Substantial, Identity. Federal Circuit decisions repeatedly emphasize that anticipation (lack of novelty) is established only if (1) all the elements of an invention, as stated in a patent claim,¹⁰

USPQ2d 1516, 1522 (Fed. Cir. 1998), *cert. denied*, 525 U.S. 1106 (1999) (“It is well settled that a claim is anticipated if each and every limitation is found either expressly or inherently in a single prior art reference. . . . A reference is no less anticipatory if, after disclosing the invention, the reference then disparages it. Thus, the question whether a reference ‘teaches away’ from the invention is inapplicable to an anticipation analysis.”).

Cf. Trilogy Communications Inc. v. Comm Scope Co., 754 F. Supp. 468, 507, 18 USPQ2d 1177, 1208 (W.D. N.C. 1990), *judgment vacated, appeal dismissed* (Fed. Cir. 1991) (unpublished) (“Anticipation does not require that a single prior art reference teach what the subject patent teaches, it requires only that the prior art reference disclose a device having all the elements of the claimed invention.”).

¹⁰ E.g., Transclean Corp. v. Bridgewood Services, Inc., 290 F.3d 1364, 62 USPQ2d 1865 (Fed. Cir. 2002); Sandt Technology, Ltd. v. Resco Metal and Plastics Corp., 264 F.3d 1344, 60 USPQ2d 1091 (Fed. Cir. 2001); EMI Group North America, Inc. v. Cypress Semiconductor Corp., 268 F.3d 1342, 1350, 60 USPQ2d 1423 (Fed. Cir. 2001) (“A prior art reference anticipates a patent claim if the reference discloses, either expressly or inherently, all of the limitations of the claim.”); Rapoport v. Dement, 254 F.3d 1053, 1057, 59 USPQ2d 1215 (Fed. Cir. 2001) (“To anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either expressly or inherently.”); Acromed Corp. v. Sofamor Danek Group, Inc., 253 F.3d 1371, 1383, 59 USPQ2d 1130 (Fed. Cir. 2001) (“Normally, to invalidate a patent by anticipation a prior art reference needs to disclose each and every limitation of the claim.”); Eli Lilly & Co. v. Barr Laboratories, Inc., 251 F.3d 955, 970, 58 USPQ2d 1865 (Fed. Cir. 2001), *cert. denied*, 122 S.Ct. 913 (2002) (“A reference is anticipatory if it discloses every limitation of the claimed invention either explicitly or inherently.”); Apple Computer, Inc. v. Articulate Systems, Inc., 234 F.3d 14, 20, 57 USPQ2d 1057, 1061 (Fed. Cir. 2000), discussed at § 8.06[1][d][ii], § 18.07[6][c][iii] (“Anticipation under 35 U.S.C. § 102 requires the disclosure in a single piece of prior art of each and every limitation of a claimed invention. . . . Whether such art is anticipating is a question of fact.”); ATD Corp. v. Lydall, Inc., 159 F.3d 534, 545, 48 USPQ2d 1321, 1328 (Fed. Cir. 1998) (“A patent is invalid for anticipation when the same device or method, having all of the elements and limitations contained in the claims, is described in a single prior art reference.”); C.R. Bard, Inc. v. M3 Systems, Inc., 157 F.3d 1340, 1349, 48 USPQ2d 1225, 1230 (Fed. Cir. 1998), *rehearing denied & suggestion for rehearing in banc declined*, 161 F.3d 1380 (Fed. Cir. 1998), *cert. denied*, 526 U.S. 1130 (1999) (“When the defense of lack of novelty is based on a printed publication that is asserted to describe the same invention, a finding of anticipation requires that the publication describe all of the elements of the claims, arranged as in the patented device.”); *In re Schreiber*, 128 F.3d 1473, 1477, 44 USPQ2d 1429, 1431 (Fed. Cir. 1997), discussed at § 11.03[1][c][vi] (“To anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either explicitly or inherently.”); Hazani v. U.S. Int’l Trade Comm’n, 126 F.3d 1473, 1477, 44 USPQ2d 1358, 1361 (Fed. Cir. 1997) (“To anticipate a claim, a prior art reference must disclose every feature of the claimed invention, either explicitly or inherently.”); Motorola, Inc. v. Interdigital Technology Corp., 121 F.3d 1461, 43 USPQ2d 1481 (Fed. Cir. 1997), discussed *infra*; Hoover Group, Inc. v. Custom Metalcraft, Inc., 66 F.3d 299, 302, 36 USPQ2d 1101, 1103 (Fed. Cir. 1995) (“Invalidity based

(Text continued on page 3-14)

on lack of novelty (often called 'anticipation') requires that the same invention, including each element and limitation of the claims, was known or used by others before it was invented by the patentee."); *In re Paulsen*, 30 F.3d 1475, 1478-79, 31 USPQ2d 1671, 1673 (Fed. Cir. 1994) ("A rejection for anticipation under section 102 requires that each and every limitation of the claimed invention be disclosed in a single prior art reference"); *Shearing v. Iolab Corp.*, 975 F.2d 1541, 1544, 24 USPQ2d 1133, 1136 (Fed. Cir. 1992) ("To prove anticipation, [a patent validity challenger] must have convinced the jury with clear and convincing evidence at trial that [an alleged prior inventor] disclosed in advance of [the patentee's] invention each and every element of the . . . patent's claims."); *Akzo N.V. v. U.S. Int'l Trade Comm'n*, 808 F.2d 1471, 1 USPQ2d 1241, 1245 (Fed. Cir. 1986), *cert. denied*, 482 U.S. 909 (1987) ("Under 35 U.S.C. § 102, anticipation requires that each and every element of the claimed invention be disclosed in a prior art reference."); *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1574, 1 USPQ2d 1081, 1087 (Fed. Cir. 1986) ("anticipation requires the disclosure in a prior art reference of each and every element as set forth in the claim"); *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1379, 231 USPQ 81, 90 (Fed. Cir. 1986), *cert. denied*, 480 U.S. 947 (1987) ("It is axiomatic that for prior art to anticipate under § 102 it has to meet every element of the claimed invention, and that such a determination is one of fact."); *In re King*, 801 F.2d 1324, 1326, 231 USPQ 136, 138 (Fed. Cir. 1986) ("It is axiomatic that anticipation of a claim under § 102 can be found only if the prior art reference discloses every element of the claim, and that anticipation is a fact question subject to review under the clearly erroneous standard."); *Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565, 1571, 230 USPQ 81, 84 (Fed. Cir. 1986), *on remand sub nom. Crucible Inc. v. Stora Kopparbergs Bergslags AB*, 701 F. Supp. 1157, 10 USPQ2d 1190 (W.D. Pa. 1988) ("absence from the reference of any claimed element negates anticipation"); *Atlas Powder Co. v. E.I. du Pont de Nemours & Co.*, 750 F.2d 1569, 1574, 224 USPQ 409, 411 (Fed. Cir. 1984) ("exclusion of a claimed element from a prior art reference is enough to negate anticipation by that reference"); *RCA Corp. v. Applied Digital Data Sys., Inc.*, 730 F.2d 1440, 1444, 221 USPQ 385, 388 (Fed. Cir. 1984) ("Anticipation is established only when a single prior art reference discloses, expressly or under principles of inherency, each and every element of a claimed invention."); *Leinoff v. Louis Milona & Sons, Inc.*, 726 F.2d 734, 220 USPQ 845 (Fed. Cir. 1984).

Cf. Westvaco Corp. v. International Paper Co., 991 F.2d 735, 746, 26 USPQ2d 1353, 1362 (Fed. Cir. 1993) (a bald assertion that a prior art publication "clearly discloses all of the limitations" of a patent claim "without more, does not satisfy [an appellant's] burden on appeal to show that the district court clearly erred in ruling it failed to prove anticipation by clear and convincing evidence.").

For district court decisions, see *Smith & Nephew Inc. v. Ethicon Inc.*, 54 USPQ2d 1888, 1890 (D. Ore. 1999) ("The prior art reference must disclose every feature of the claimed invention, either explicitly or inherently."); *vacated and remanded*, 276 F.3d 1304, 61 USPQ2d 1065 (Fed. Cir. 2001); *United States Filter Corp. v. Ionics Inc.*, 68 F. Supp.2d 48, 54, 53 USPQ2d 1071, 1077 (D. Mass. 1999) ("if a prior art reference lacks any claimed element, then as a matter of law a decisionmaker (whether in the patent office or in a court) cannot find anticipation."); *Integra LifeSciences I Ltd. v. Merck KGaA*, 50 USPQ2d 1846, 1848 (S.D. Calif. 1999) ("Invalidity by anticipation results if each and every element of the claimed invention appears in a single reference published more than one year before the filing date of the challenged patent."); *Database Excelleration Systems Inc. v. Imperial Technology Inc.*, 50 USPQ2d 1527, 1531 (N.D. Calif. 1999) ("Anticipation under 35 U.S.C. Section 102 requires that the prior art contain each and every element of the claimed invention."); *Mickowski v. Visi-Trak Corp.*, 36 F. Supp. 2d 171, 179 (S.D. N.Y. 1999) ("Anticipation under 35 U.S.C. § 102 requires the disclosure of a single piece of prior art embodying each and every limitation of a claimed invention. . . . In other words, anticipation

(2) are identically set forth,¹¹ (3) in a single prior art reference.¹²

requires that the identical invention that is claimed was previously known to others.”); *Helver v. Novo Industries, Inc.*, 49 USPQ2d 1591, 1596 (S.D. Fla. 1998) (“This defense, also known as anticipation, is legitimate only when all elements and limitations of a claim are found within a single prior art reference.”); *Mehl/Biophile International Corp. v. Milgram*, 8 F. Supp. 2d 434, 442, 47 USPQ2d 1248, 1254 (D. N.J. 1998), *aff’d*, 192 F.3d 1362, 52 USPQ2d 1303 (Fed. Cir. 1999) (“A product is not patentable unless it is new. Determining whether a product is ‘new’ within the meaning of the patent statute requires comparing the product with the products of the relevant prior art. . . . If a single piece of relevant prior art contains all the elements of the patent at issue, the prior art is said to have anticipated the patent.”); *Ferag AG v. Grapha-Holding AG*, 905 F. Supp. 1, 6 (D. D.C. 1995) (“If even a single element or limitation required by the claim is missing from the disclosure of the reference, there can be no anticipation.”); *Nordberg Inc. v. Telsmith, Inc.*, 881 F. Supp. 1252, 1293, 36 USPQ2d 1577, 1611 (E.D. Wis. 1995), *aff’d* 82 F.3d 394, 38 USPQ2d 1593 (Fed. Cir. 1996); *Russo v. Jonel Inc.*, 30 USPQ2d 1806, 1809 (C.D. Calif. 1993) (“if the prior art reference lacks an element of a claim at issue, the reference cannot anticipate that claim under § 102.”); *Transco Products Inc. v. Performance Contracting, Inc.*, 792 F. Supp. 594, 23 USPQ2d 1691 (N.D. Ill. 1992); *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 656 F. Supp. 1343, 1358, 2 USPQ2d 1545 (D. Del. 1987), *aff’d in part, rev’d in part, vacated in part and remanded*, 849 F.2d 1430, 7 USPQ2d 1129 (Fed. Cir. 1988), *cert. denied*, 488 U.S. 986 (1988), *on remand*, 711 F. Supp. 1205, 11 USPQ2d 1081 (D. Del. 1989) (“anticipation is a defense that is established only when a party challenging validity proves that a single prior art reference discloses each and every element of the claimed invention”); *Hodosh v. Block Drug Co., Inc.*, 226 USPQ 645, 651 (D. N.J. 1985), *rev’d & remanded*, 786 F.2d 1136, 229 USPQ 182 (Fed. Cir. 1986); *Mannesmann Demag Corp. v. Engineered Metal Products Co.*, 226 USPQ 466 (D. Del. 1985), *aff’d*, 793 F.2d 1279, 230 USPQ 45 (Fed. Cir. 1986); *Studiengesellschaft Köhle mbH v. Dart Indus.*, 549 F. Supp. 716, 216 USPQ 381 (D. Del. 1982), *aff’d*, 726 F.2d 724, 220 USPQ 841 (Fed. Cir. 1984) (citing *Treatise*).

See also *Ex parte Levy*, 17 USPQ2d 1461, 1462 (Bd. Pat. App. & Int’f 1990) (“it is incumbent upon the examiner to identify wherein each and every facet of the claimed invention is disclosed in the applied reference”); *In re Certain Double-Sided Floppy Disk Drives & Components Thereof*, 227 USPQ 982, 985 (U.S. Int’l Trade Comm’n 1985) (“A claimed device is anticipated if a single prior art reference discloses all the elements of the claimed invention as arranged in the claim.”).

¹¹ E.g., *Gechter v. Davidson*, 116 F.3d 1454, 1457, 43 USPQ2d 1030, 1032 (Fed. Cir. 1997) (“Under 35 U.S.C. § 102, every limitation of a claim must identically appear in a single prior art reference for it to anticipate the claim.”); *Glaverbel Societe Anonyme v. Northlake Marketing & Supply, Inc.*, 45 F.3d 1550, 1554, 33 USPQ2d 1496, 1498 (Fed. Cir. 1995) (“Anticipation requires identity of the claimed process and a process of the prior art; the claimed process, including each step thereof, must have been described or embodied, either expressly or inherently, in a single reference.”); “Anticipation . . . requires identity of invention: the claimed invention, as described in appropriately construed claims, must be the same as that of the reference, in order to anticipate.”); *Davis v. Loesch*, 998 F.2d 963, 27 USPQ2d 1440 (Fed. Cir. 1993); *Minnesota Mining & Manufacturing Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1565, 24 USPQ2d 1321, 1326 (Fed. Cir. 1992) (“A party asserting that a patent claim is anticipated under 35 USC 102 ‘must demonstrate, among other things, identity of invention.’ *Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 771, 218 USPQ 781, 789 (Fed. Cir. 1983), *cert. denied*, 465 U.S. 1026 (1984), *overruled in part on another ground*, *SRI Int’l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1125, 227 USPQ 577, 588-89 (Fed. Cir. 1985) (in banc). . . . [O]ne who seeks such a finding must show that each element of the claim in issue is found, either expressly or under principles

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Transclean Corp. v. Bridgewood Services Inc.

U.S. Court of Appeals
Federal Circuit

Nos. 01-1268, -1269

Decided May 21, 2002

PATENTS**[1] Patent construction — Claims — Defining terms (§ 125.1305)****Patent construction — Claims — Means (§ 125.1307)**

Claim phrase "means . . . for equalizing the fluid flow," in patent for automatic transmission fluid changer, is properly construed as referring to fluid flow rate as well as volume, since specification clearly refers to equalization of flow rates and mentions problems which develop when input and output flow rates are not equalized, since patent's summary of invention states that invention solves those problems, and since no other intrinsic evidence suggests different meaning for phrase.

[2] Patentability/Validity — Anticipation — Identity of elements (§ 115.0704)**Patent construction — Claims — Means (§ 125.1307)**

Prior art patents cited by infringement defendant do not anticipate means-plus-function limitation requiring "means . . . for equalizing the fluid flow" in claim for transmission fluid changer, since reference must disclose recited function identically in order to anticipate means-plus-function limitation, and since references cited in present case disclose equalization of fluid volume, but not flow rate, and thus do not disclose function identical to that recited in limitation at issue.

JUDICIAL PRACTICE AND PROCEDURE**[3] Procedure — Contempt; sanctions (§ 410.49)**

Federal district court did not abuse its discretion by granting summary judgment of patent infringement as discovery sanction, even though entry of judgment is extreme

sanction, since plaintiffs legitimately sought to discover defendant's grounds for its noninfringement defense, since court found clear prejudice to plaintiffs, who were precluded from conducting discovery on infringement issues, and since district court is entitled to police its proceedings in order to ensure transparency and predictability and discourage mischievous conduct.

PATENTS**[4] Patent construction — Claims — Defining terms (§ 125.1305)****Patent construction — Claims — Means (§ 125.1307)**

Phrase "exhibiting resilient characteristics," as used in means-plus-function claim of patent for automatic transmission fluid changer, is properly construed to require some initial shape deformation of claimed means "for equalizing the fluid flow," since both general and technical dictionaries define "resilient" as encompassing that which returns to its original shape following deformation in shape, since patent's only disclosure of claimed means is flexible diaphragm dividing transmission fluid tank into two chambers, since "exhibiting resilient characteristics" defines characteristics of claimed means, rather than stating additional function of that means, and since structure corresponding to claimed means, namely, flexible, rubber-like diaphragm, is "resilient" in sense that it tends to return to its original shape, not just its original position.

REMEDIES**[5] Monetary — Damages — Patents — Reasonable royalty (§ 510.0507.03)**

Prevailing infringement plaintiffs are not entitled to reasonable royalty award derived from defendant's proceeds from sale of its business, since plaintiff's claim must be analyzed as it was asserted, not as claim for lost profits, since reasonable royalty damages arise from fact of infringement, and portion of sales price consisting of intangible goodwill is not sale of infringing goods that can form base for determination of reasonable royalty, since plaintiffs have not established what amount of reasonable royalty, if any, they are entitled to recover, and since any award based on in-

fringer's sale of business would be duplicative of reasonable royalty based on sale of infringing goods.

[6] Monetary — Damages — Patents — Increased damages (§ 510.0507.07)

Federal district court did not abuse its discretion by refusing to award plaintiffs enhanced damages pursuant to 35 U.S.C. § 284, even though jury found that defendant had willfully infringed patent in suit, since enhanced damages are authorized but not mandated by statute, since district court carefully considered pertinent factors for determining enhanced damages but found no justification for such award, and since court did not erroneously assume that its only options were to treble plaintiffs' damages or not enhance them at all.

[7] Monetary — Attorneys' fees; costs — Patents — Exceptional case (§ 510.0905.03)

Monetary — Attorneys' fees; costs — Trademarks and unfair trade practices — In general (§ 510.0907.01)

Federal district court's denial of prevailing patent infringement plaintiffs' request for attorneys' fees is affirmed, even though jury returned finding of willful infringement and court did not explain why it concluded case was not "exceptional" under 35 U.S.C. § 285, since court's careful analysis of factors relevant to award of enhanced damages suffices as grounds for affirming court's implicit conclusion that infringement case was not exceptional; court's denial of attorneys' fees for false advertising claim is likewise affirmed, since court properly determined that plaintiffs' use of advertising that was arguably equivalent in falsity, and their tolerance of third party's use of same advertising after licensing plaintiffs' patented technology, erased any public benefit accruing from their successful action against defendant.

TRADEMARKS AND UNFAIR TRADE PRACTICES

[8] Acquisition, assignment, and maintenance of marks — Acquisition through use — Use in commerce (§ 305.0505)

infringement on ground that plaintiffs failed to establish adequate usage of marks in commerce, since affidavit submitted by plaintiffs refers to use of marks on documents, which does not satisfy usage requirement if mark can be affixed to goods themselves, since affidavit does not purport to show that marks were used as source identifiers, and since record evidence shows that marks were used only in purely descriptive manner.

Particular patents — General and mechanical — Transmission fluid changer

5,318,080, Viken, transmission fluid changer, summary judgment that patent is not invalid affirmed; judgment of infringement affirmed as to claims 1-4 and 12, and vacated as to claim 13.

Appeal from the U.S. District Court for the District of Minnesota, Erickson, J.

Action by Transclean Corp., James P. Viken, and Donald E. Johnson against Bridgwood Services Inc. for patent infringement, trademark infringement, and false advertising. Plaintiffs appeal from district court's judgment reversing portion of jury's damages award for patent infringement, denying their motion for enhanced damages and award of attorneys' fees, and granting summary judgment of no trademark infringement; defendant cross-appeals from summary judgment that patent is not invalid for anticipation, from summary judgment that defendant infringed patent claims 1-4 and 12, and from denial of summary judgment of noninfringement as to claim 13. Affirmed in part and vacated in part; Cleveneger, J., dissenting in part in separate opinion.

Alan M. Anderson and Christopher K. Larus, of Fulbright & Jaworski, Minneapolis, Minn., for plaintiffs-appellants.

Warren E. Olsen, Brian L. Klock, and Stephen E. Belisle, of Fitzpatrick, Cella, Harper & Scinto, Washington, D.C., for defendant/cross-appellant.

Before Newman, Lourie, and Cleveneger, circuit judges.

Lourie, J.

of the United States District Court for the District of Minnesota (1) reversing entry of a portion of a jury's damages award for infringement of Transclean's U.S. Patent 5,318,080, *Transclean Corp. v. Bridgwood Serv., Inc.*, No. 97-2298, slip op. at 28 (D. Minn. Jan. 8, 2001) ("Damages Opinion"); (2) denying its motion for enhanced damages under 35 U.S.C. § 284, *id.* at 66, as well as attorney fees under 35 U.S.C. § 285 and Minn. Stat. § 8.31, *Transclean Corp. v. Bridgwood Serv., Inc.*, 134 F. Supp. 2d 1049, 1061 (D. Minn. 2001) ("Attorney Fees Opinion"); and (3) granting summary judgment of noninfringement on its claim of trademark infringement, *Transclean Corp. v. Bridgwood Serv., Inc.*, 77 F. Supp. 2d 1045, 1094-95 (D. Minn. 1999) ("Summary Judgment Opinion"). Bridgewood cross-appeals from the court's grant of summary judgment that the '080 patent is not invalid for anticipation and that Bridgewood infringed claims 1-4 and 12. *Id.* at 1081, 1083, 1063. Bridgewood also cross-appeals from the court's denial of its motion for summary judgment of noninfringement of claim 13. *Id.* at 1087. For the reasons set forth below, we affirm-in-part and vacate-in-part.

BACKGROUND

Transclean is the assignee of the '080 patent, which is directed to an automatic transmission fluid changing apparatus. The fluid circulates from an automobile's automatic transmission case to a radiator and back via circulation lines. '080 patent at col. 1, ll. 6-12. The invention of the patent is designed to tap into a fluid circulation line and become part of the circulation system for the duration of the fluid changing procedure. *Id.* at col. 3, ll. 8-19. In that configuration, the invention collects used fluid as it circulates around and into the machine, while supplying new fluid into the circulation system. *Id.* Prior to the invention, such machines were not capable of matching the supply rate of new fluid to the outflow rate of used fluid. *Id.* at col. 2, ll. 56-68. As a result, one of two problems was likely to occur. First, if the supply rate was less than the outflow rate, the transmission could become starved of fluid, which could lead to excessive heating and damage to the transmission. *Id.* Second, if the supply rate exceeded the outflow rate, a buildup of internal

rate to the outflow rate. *Id.* at col. 3, ll. Claim 1, the only independent claim, reads as follows:

1. In a fluid replacing apparatus for automatic transmission an improvement including fluid circulation inlet and outlet comprising:

a fluid receiver adapted to be connected to the fluid circulation output port of automatic transmission;

a source of fresh transmission adapted to be connected to the fluid circulation inlet port on said automatic transmission so that fluid circulates therethrough and

means connected to said fluid receiver and said source of fresh fluid, for equalizing the fluid flow into said fluid receiver and out of said source of fluid.

Id. at col. 8, ll. 10-23 (emphases added)

As can be seen, the claims recite a "means for equalizing the fluid flow" in the language authorized by 35 U.S.C. § 112, ¶ 6. Specification discloses several structures responding to the claimed "means." According to one structure, the fluid receiver source of fresh transmission fluid are gated portions of the same tank, an means for equalizing is a flexible diaphragm that defines the boundary dividing the into two segregated portions. *Id.* at figure structure with those characteristics is the subject of claim 13, which reads as follows:

13. The apparatus of claim 1 in which means for equalizing the flow is composed of means disposed intermediate the fluid receiver and source, said means exhibiting silent characteristics for exerting a pressure related to the pressure existing in the circulation circuit of said transmission said receiver, upon the fluid in said so *Id.* at col. 8, ll. 55-61 (emphasis added) other structure corresponding to the near equalizing in claim 1 is a pair of tanks, or used fluid and one for fresh fluid charge pressurized air. *Id.* at figs. 4, 6.

Bridgewood is a competing distributor transmission service equipment to automotive service businesses. Bridgewood's accused device is the embodiment described in its

patent, abstract. The reservoir above the piston is initially filled with fresh fluid, and the reservoir below the piston is initially empty and compressed. *Id.* Extending from each chamber is a line for connection to an automobile's automatic transmission fluid circulation system at a point where a technician breaks the fluid circuit. *Id.* Thereafter, operation of the transmission pump sends used fluid into the bottom chamber, thereby forcing the piston to expel fresh fluid from the top chamber into the transmission's fluid circulation system. *Id.* When the technician can see fresh fluid being pumped into the bottom chamber, the procedure is halted, as the fluid has been essentially completely replaced, *id.*, even though not all of the used fluid could possibly be expelled, *Attorney Fees Opinion* at 1056.

Bridgewood is no longer in business, having sold all of its assets, including goodwill, to Century Manufacturing Company for a total of \$7,744,000, which was \$6,522,000 above and beyond the book value of Bridgewood's tangible net worth. Century subsequently took a license under the '080 patent from Transclean, agreeing to a royalty rate of nine percent.

Transclean sued Bridgewood for infringement of the '080 patent and its TOTAL FLUID EXCHANGE and TOTAL FLUID X-CHANGE trademarks, as well as false advertising by Bridgewood's promotional claims that its device replaced "100%" or "every drop" of fluid. Before trial, both parties filed motions for partial summary judgment, Transclean seeking summary judgment on the issues of patent infringement and validity, and Bridgewood seeking summary judgment of noninfringement of claim 13 as well as Transclean's trademarks. The court granted all of those motions except that relating to claim 13. More specifically, the court granted summary judgment that the '080 patent was not anticipated by either U.S. Patent 3,513,941, issued to N.J. Becnel, or Japanese Patent 2-72299. *Summary Judgment Opinion* at 1081. Furthermore, the court granted Transclean's motion for summary judgment that Bridgewood infringed claims 1-4 and 12 of the '080 patent, after precluding Bridgewood from arguing noninfringement of those claims as a sanction for Bridgewood's failure to answer an interrogatory seeking its base for assuming nonin-

wood had not infringed Transclean's trademarks. *Id.* at 1094-95.

The case was then tried to a jury, which found that Bridgewood willfully infringed claim 13 and engaged in false advertising. The jury awarded Transclean three types of damages for the patent infringement: *Damages Opinion* at 3. The first was a reasonable royalty based on Bridgewood's sales of infringing devices; the second was additional damages for the infringement; and the third was a reasonable royalty based on Bridgewood's sale of its business. *Id.*

In a post-trial motion, Bridgewood sought to overturn the jury's damages awards. The court partly agreed and held that as a matter of law Transclean was not entitled to more than \$1,874,500 for patent infringement. *Id.* at 65-66. Transclean also filed a post-trial motion seeking enhanced damages and attorney fees pursuant to 35 U.S.C. §§ 284 and 285 in light of the jury's finding of willful infringement, but the court denied both requests. *Id.* at 66. Additionally, Transclean filed a post-trial motion pursuant to Minnesota's private attorney general statute, Minn. Stat. § 8.31, seeking attorney fees it incurred in pursuing the false advertising claim, but the court denied that request as well. *Id.*

Transclean appeals and Bridgewood cross-appeals from the decisions of the district court. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

DISCUSSION

We review a district court's grant of summary judgment *de novo*, reapplying the same standard used by the district court. *Ethicon Endo-Surgery, Inc. v. United States Surgical Corp.*, 149 F.3d 1309, 1315, 47 USPQ2d 1272, 1275 (Fed. Cir. 1998). Summary judgment is appropriate "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). "The evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986). When both parties move for sum-

tion is under consideration. *McKay v. United States*, 199 F.3d 1376, 1380 (Fed. Cir. 1999).

We review a district court's grant of judgment as a matter of law ("JMOL") *de novo*, reapplying the JMOL standard used by the district court. *Sextant Avionique, S.A. v. Analog Devices, Inc.*, 172 F.3d 817, 824, 49 USPQ2d 1865, 1869 (Fed. Cir. 1999). JMOL is appropriate when "a party has been fully heard on an issue and there is no legally sufficient evidentiary basis for a reasonable jury to find for that party on that issue." Fed. R. Civ. P. 50(a)(1). To prevail, an appellant "must show that the jury's findings, presumed or express, are not supported by substantial evidence or, if they were, that the legal conclusion(s) implied from the jury's verdict cannot in law be supported by those findings." *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 893, 221 USPQ 669, 673 (Fed. Cir. 1984) (citation omitted).

A determination that a patent is invalid as being anticipated under 35 U.S.C. § 102 requires a finding that "each and every limitation is found either expressly or inherently in a single prior art reference." *Celeritas Techs. Ltd. v. Rockwell Int'l Corp.*, 150 F.3d 1354, 1360, 47 USPQ2d 1516, 1522 (Fed. Cir. 1998). To anticipate, the reference must also enable one of skill in the art to make and use the claimed invention. *In re Donohue*, 766 F.2d 531, 533, 226 USPQ 619, 621 (Fed. Cir. 1985). Because a patent issued by the U.S. Patent and Trademark Office is presumed to be valid, 35 U.S.C. § 282 (1994), the evidentiary burden to show facts supporting a conclusion of invalidity is clear and convincing evidence. *WMS Gaming Inc. v. Int'l Game Techs.*, 184 F.3d 1339, 1355, 51 USPQ2d 1385, 1396-97 (Fed. Cir. 1999).

A determination of infringement requires a two-step analysis. "First, the court determines the scope and meaning of the patent claims asserted. . . . [Second,] the properly construed claims are compared to the allegedly infringing device." *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1454, 46 USPQ2d 1169, 1172 (Fed. Cir. 1998) (en banc) (citations omitted). Step one, claim construction, is an issue of law. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 970-71, 34 USPQ2d 1321, 1322 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370

A decision to sanction a litigant pursuant to Fed. R. Civ. P. 37 is one that is not subject to patent law. *DH Tech, Inc. v. Synergyst, Inc.*, 154 F.3d 1333, 1343, 47 USPQ2d 1873 (Fed. Cir. 1998), and we therefore regional circuit law to that issue. *Michdus, Inc. v. Karavan Trailers, Inc.*, 1356 F.3d 1359, 50 USPQ2d 1672, 1675 (F.3d 1999) (en banc in relevant part). Because the Eighth Circuit, the pertinent regional circuit in this case, reviews the imposition of sanctions under Rule 37 for an abuse of discretion, *ens v. A.H. Robins Co.*, 751 F.2d 261, 262 (Cir. 1984), we will do the same.

On appeal Transclean raises a number of issues concerning damages and trademark infringement. First, Transclean argues that the court erred in disallowing the jury's award of a reasonable royalty on Bridgewood's proceeds from the sale of its business. S Transclean argues that the court abused discretion by not awarding it enhanced damages and attorney fees for patent infringement under 35 U.S.C. §§ 284 and 285. Third, Transclean argues that the court erred in awarding it attorney fees for pursuing false advertising claim. Finally, Transclean argues that the court erred in granting summary judgment of noninfringement of its marks.

Bridgewood cross-appeals the court's judgments of patent validity and infringement.

I We agree with Transclean that the claim phrase "equalizing the fluid flow" refers to a not just a volume. To construe that phrase, we look to the specification for guidance. *Vitronics Corp. v. Conceptronics, Inc.*, 333d 1576, 1582, 39 USPQ2d 1573, 1577 (Cir. 1996), and the specification clearly refers to the equalization of flow rates. For ex-

royalty the infringer had already received based on the infringer's sales of infringing goods. *Id.* ("The district court's reasonable royalty award already compensates [the patent owner] for any goodwill [the infringer] garnered by infringement."). Transclean's citation of *Minco* as controlling this case is thus unsound; it is an example of the unhelpful advocacy that is at times made to this court, in which counsel cites general language from a prior case, rather than its holding. In fact, the holding of *Minco* supports Bridgewood's position, not Transclean's.

[5] We must analyze Transclean's claim for a percentage of Bridgewood's business sale proceeds as it was asserted, as a claim for a reasonable royalty, not for lost profits. Reasonable royalty damages for patent infringement arise from the fact of infringement, and the portion of the sales price consisting of intangible goodwill is not the sale of infringing goods. It is partial compensation for the sale of a business. Whether or not proceeds from the sale of a business including tangible assets such as infringing inventory would be compensable as a remedy for patent infringement we are not in a position to say; that case is not before us. What is clear is that the portion of a sales price consisting of goodwill, i.e., compensation in excess of tangible assets, is not sales of infringing goods that can form the base for determination of a reasonable royalty. No such precedent exists, nor are we prepared to distort the statute to set one.

In addition, as a matter of proof, Transclean has not established the amount, if any, of a reasonable royalty on Bridgewood's sale of its business it is entitled to recover. Transclean had the burden of proving the amount of reasonable royalty damages it is entitled to recover. *Id.* The most relevant inquiry in that respect would seem to be the amount of the business's value that is attributable to the patent infringement. Transclean offered expert testimony that the entire goodwill above and beyond the value of Bridgewood's tangible assets was attributable to patent infringement because Bridgewood was a single product company and that product infringed Transclean's patent. *Damages Opinion* at 29-30. However, the district court disagreed, concluding that the opinion testimony was conclusory and belied by Bridgewood's arm-

brand identity, product quality, and pricing). *Id.* at 30-31. We perceive no error in the district court's analysis or conclusion. Moreover, to the extent that Transclean argues that the goodwill was ultimately attributable to Bridgewood's sales of infringing machines, any award of reasonable royalty damages based on goodwill transferred when the business was sold would be a double recovery, as Transclean has already been awarded damages that fully compensate it for Bridgewood's past sales. See *Minco*, 95 F.3d at 1121, 40 USPQ2d at 1010 ("The district court's reasonable royalty award already compensates [the patent owner] for any goodwill [the infringer] garnered by infringement."). To the extent that the extra recovery Transclean seeks would be duplicative, we see no merit to Transclean's argument that Bridgewood is retaining a windfall that would create an incentive for infringers to sell infringing businesses with impunity.

For the reasons stated above, we conclude that the court did not err when it ruled that, as a matter of law, Transclean was not entitled to a reasonable royalty on proceeds from Bridgewood's sale of its business.

D. Enhanced Damages

The jury found that Bridgewood's infringement was willful. Transclean argued to the jury that it made Bridgewood aware of the '080 patent, but that Bridgewood did not obtain an opinion of counsel and did not abate its manufacture or sale of the infringing machines. Bridgewood argued that the fact that it obtained its own patent on an automatic transmission fluid changing machine demonstrated a good faith belief that it was not an infringer. Bridgewood argued that when it received advice from its patent attorney concerning the patentability of its invention over the '080 patent, it received an implicit opinion of non-infringement. Although the jury agreed with Transclean that Bridgewood had willfully infringed the '080 patent, the court, after applying the factors set forth in *Read Corp. v. Protec, Inc.*, 970 F.2d, 816, 826-27, 23 USPQ2d 1426, 1435-36 (Fed. Cir. 1992) (listing nine factors), declined to enhance the patent infringement damages. *Damages Opinion* at 13-22.

Transclean contends that the court abused

assumed that the only way it could enhance the damages was by trebling them, misunderstanding that an enhancement of less than trebling was a permissible option. Bridgewood responds that a finding of willful infringement does not mandate enhancement of damages, that the court did not misunderstand the law on enhancement, and that the court properly considered the *Read* factors.

[6] We agree with Bridgewood that the court acted within its discretion in not enhancing the damages award. Enhancement of damages under 35 U.S.C. § 284 involves the factfinder determining that the infringer engaged in culpable conduct and the court exercising its discretion to determine whether and to what extent to enhance the damages. *Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1570, 38 USPQ2d 1397, 1399 (Fed. Cir. 1996). The jury's finding of willfulness satisfies the first step, *see id.*, and is also one of the factors the court assesses in performing the second step, *see Read*, 970 F.2d at 827, 23 USPQ2d at 1435. However, there are other factors relevant to the second step. *See id.* (listing as factors: (1) deliberate copying; (2) infringer's investigation and good-faith belief of invalidity or non-infringement; (3) litigation conduct; (4) infringer's size and financial condition; (5) closeness of the case; (6) duration of the misconduct; (7) remedial action by the infringer; (8) infringer's motivation for harm; and (9) concealment). A finding of willful infringement "authorizes but does not mandate an award or increased damages." *Modine Mfg. Co. v. Allen Group, Inc.*, 917 F.2d 538, 543, 16 USPQ2d 1622, 1625 (Fed. Cir. 1990). In this case, the court considered the pertinent *Read* factors carefully, *Damages Opinion* at 13-22, and although we may or may not have reached a different conclusion if we had been in the district court's shoes, we wear our own shoes. We review the court's analysis for an abuse of discretion, and we are satisfied that such an abuse did not occur.

We also agree with Transclean that the court did not erroneously assume that its only options were to treble the patent infringement damages or not enhance the damages at all. The court's opinion states, "In exercising our discretion to enhance damages, however, we are limited 'to a trebling of the basic damage

(Cir. 1999)). We read that statement, as intended in *Signitech*, to simply recognize upper range of the possible enhancement. *Signitech*, 174 F.3d at 1358-59, 50 USPQ1376 ("[T]he district court enjoys discretion to choose whether to award enhanced damages to the claimant and in what amount discretion, however is limited to a trebling of the basic damage award.") (citations or (emphasis added). Elsewhere in the opinion, the court makes statements recognizing that a range of enhancement is possible. *See Damages Opinion* at 8 ("[T]he court terminates, exercising its sound discretion whether, and to what extent, to increase damages award . . .") (quoting *Jurge*, F.3d at 1570, 38 USPQ2d at 1399) (emphasis added); *Damages Opinion* at 21 ("The amount determination in deciding to grant enhancement and the amount thereof is . . . (quoting *Read*, 970 F.2d, at 826, 23 USPQ at 1435) (emphasis added). *See also M* 917 F.2d at 543 n.3, 16 USPQ2d at 16 ("[T]he fact that the court's opinion is upon treble damages does not necessarily mean that the judge failed to consider multiples of damages.").

E. Attorney Fees

After the trial, Transclean filed a motion for attorney fees, and the court granted the motion in part, awarding Transclean its attorney fees arising from arguing two issues. Pursuant to 35 U.S.C. § 285, the court awarded Transclean attorney fees for a charge of inequitable conduct asserted by Transclean. *Damages Opinion* at 27. The court's opinion does not address attorney fees under 35 U.S.C. § 285 except in relation to Minnesota's private attorney general statute. Minn. Stat. § 8:31, the court awarded Transclean attorney fees for its successful motion that Bridgewood engaged in false advertising by promoting its transmission fluid change machine as replacing "100%" or "drop" of transmission fluid. *Id.* However, the court later revoked that award for two reasons: Transclean had unclear hands by moving its own service as a "total" fluid change, and Transclean did not object to Century's use of the same advertisement; Century had purchased Bridgewood and

clean attorney fees under 35 U.S.C. § 285 for its entire patent infringement claim when the jury determined that Bridgewood's infringement was willful and by not stating its reasons for declining to award attorney fees apart from those related to inequitable conduct. Transclean further argues that the court abused its discretion by not ultimately awarding attorney fees under Minn. Stat. § 8.31 for its false advertising claim. Bridgewood responds that a finding of willful infringement does not mandate a determination that a case is exceptional, as that term is used in 35 U.S.C. § 285, and that not every exceptional case is deserving of an award of attorney fees. Bridgewood further responds that the court set forth legitimate reasons for not awarding attorney fees for the false advertising claim and thus acted within its discretion.

With regard to attorney fees for patent infringement, we agree with Bridgewood. Transclean is correct in stating the general rule that the district court must normally explain why it decides that a case is not exceptional under 35 U.S.C. § 285 when a factual finding of willful infringement has been established and, if exceptional, why it decides not to award attorney fees. *S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198, 201, 228 USPQ 367, 369 (Fed. Cir. 1986). However, we have recognized an exception to that general rule in cases where the record adequately sets forth grounds for affirming the district court's actions. *Carroll Touch, Inc. v. Electro Mech. Sys. Inc.*, 15 F.3d 1573, 1584, 27 USPQ2d 1836, 1845 (Fed. Cir. 1993) (citing *Consol. Al. Corp. v. Fosco Int'l Ltd.*, 910 F.2d 804, 814, 15 USPQ2d 1481, 1488-89 (Fed. Cir. 1990)). In this case, the court's careful analysis of the *Read* factors regarding enhancement of damages suffices as grounds for affirming the court's implicit conclusion that the infringement case was not exceptional within the meaning of 35 U.S.C. § 285.

With regard to attorney fees for false advertising, we agree with Bridgewood. Transclean's claim for attorney fees arising from the false advertising cause of action was based on Minn. Stat. § 8.31. The purpose of that statute is to encourage private parties to police unlawful trade practices affecting the public interest. *Ly v. Nysstrom*, 615 N.W.2d 302, 313-14 (Minn. 2000). The court determined

on its face one that qualified for attorney fees under the statute. *Attorney Fees Opinion* at 11. Transclean's own use of advertising that was arguably equivalent in falsity and Transclean's tolerance of Century's use of the same advertising when it licensed Transclean's patent erased any public benefit accruing from the successful action against Bridgewood, *id.* at 12-14. The district court's reasoning is sound, and we discern no abuse of discretion in its decision not to award Transclean attorney fees for its false advertising claim.

F. Trademark Infringement

Transclean brought a cause of action for trademark infringement, asserting that Bridgewood infringed Transclean's TOTAL FLUID EXCHANGE and TOTAL FLUID X-CHANGE unregistered trademarks under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1), and Minnesota law. The court granted Bridgewood's motion for summary judgment of noninfringement on the ground that there was no genuine issue of material fact relating to Transclean's adequate use of the marks in commerce. *Summary Judgment Opinion* at 1094-95. Transclean argues that a genuine issue of material fact regarding that issue was raised by an affidavit from James P. Viken, Transclean's CEO and inventor on the '080 patent, stating that Transclean had used the marks on its products and documents since 1994. *Id.* at 1093-94. Bridgewood responds that the affidavit is conclusory and does not designate specific facts concerning the marks' usage.

[8] We agree with Bridgewood that Transclean failed to raise a genuine issue of material fact as to nondescriptive usage of the mark on the goods. We apply Eighth Circuit law to this issue, and the Eighth Circuit has recognized the universal requirement for actual usage of the mark in commerce. *First Bank v. First Bank Sys., Inc.*, 84 F.3d 1040, 1044 [38 USPQ2d 1837] (8th Cir. 1996). Use of the mark on documents does not satisfy the usage requirement when the mark can be affixed to the goods themselves. *Elec. Communications, Inc. v. Elec. Components for Industry Co.*, 443 F.2d 487, 492 [170 USPQ 118] (8th Cir. 1971), as is the case here. *Summary Judgment Opinion* at 1094. Furthermore, the usage of the marks must be as a source identifier rather than as a denomination of the goods.

ways, even if assumed to be accurate. First, the reference to documents is irrelevant. *Elec. Communications*, 443 F.2d at 492-93. Second, on its face, the affidavit does not purport to show that the use was as a source identifier. Indeed, the record evidence shows that the marks were used in a purely descriptive manner, e.g., "TFX TOTAL FLUID EXCHANGE SYSTEM FOR AUTOMATIC TRANSMISSIONS" by Transclean Corp." Accordingly, the court did not err when it concluded that the Viken affidavit failed to raise a genuine issue of material fact regarding usage of the Transclean's marks, and we affirm the court's grant of summary judgment in favor of Bridgewood on the trademark claims.

CONCLUSION

We commend the district court for its thorough and competent handling of a complex case involving a large number of difficult issues. We affirm all aspects of the court's decision except one. The court did not err in granting summary judgment that the '080 patent is not anticipated by either the Beconel or Japanese prior art patents. Nor did the court err in granting summary judgment that Bridgewood did not infringe Transclean's trademarks, or in granting Bridgewood's post-trial motion for reversal of the jury's award of damages based on a reasonable royalty of Bridgewood's sale of its business. Furthermore, the court did not abuse its discretion in entering a judgment of infringement of claims 1-4 and 12 as a discovery sanction against Bridgewood. Nor did the court abuse its discretion when it declined to award Transclean enhanced damages and attorney fees under the patent statute or Minnesota law. However, the court did err when it construed the phrase "exhibiting resilient characteristics" in claim 13 of the '080 patent, and we therefore vacate the jury's determination, based on the court's erroneous claim construction, that Bridgewood infringed claim 13. Accordingly, we

AFFIRM-IN-PART and VACATE-IN-PART.

Clevenger, J., dissenting in part.

I agree with the majority's resolution of the validity, damages, and attorney fees issues as well as the determination that the district court

of claims 1-4 and 12 as a sanction for discovery abuses. Furthermore, I agree with the majority that the district court properly granted summary judgment to Bridgewood on Transclean's trademark infringement claim. However, in my view the majority's conclusion of the term "resilient" in claim 13 is unduly narrow and departs from the term's ordinary meaning. Therefore, I respectfully dissent from that portion of the majority opinion vacating the district court's claim construction and the jury's finding of infringement as to that claim.

This case asks us to decide the meaning of the word "resilient." That word is not in the specification. Indeed, "resilient" appears in the patent exactly once—in claim 1.

The apparatus of claim 1 in which means for equalizing the flow is composed of means disposed intermediate the receiver and source, said means exhibiting resilient characteristics for exerting a pressure related to the pressure existing in the circulation circuit of said transmitter; said receiver, upon the fluid in said

U.S. Patent No. 5,318,080, col. 8, line (emphasis added). Because the patent is not chosen to be his own lexicographer, "resilient" should carry its common meaning in the art. Transclean asserts that "resilient" encompasses the ability to to an original shape or position after compressed, while Bridgewood argues: resilient means must be capable of returning to an original shape and position after compressed—in other words, that it is inherently elastic.

To help us divine the meaning of "resilient," Transclean has provided dictionary definitions of "resilient" as well as expert testimony regarding what one of skill in the art would understand the term to mean. Transclean proffers definitions of "resilient" from technical dictionaries. The district court properly rejected Bridgewood's definitions of "resilience" and adopted its ordinary meaning of the actual claim language. The majority, based on the superiority of technical dictionaries over ordinary dictionaries, prefers Bridgewood's definition.

The district court gave the word "re-

pressed." *Transclean Corp. v. Bridgwood Services, Inc.*, 77 F. Supp. 2d 1045, 1087 (D. Minn. 1999) (quoting *American Heritage Dictionary* 1535 (3d ed. 1992) (emphasis added)). In other words, the broad term "resilient characteristics" can include a variety of different properties such as the ability to return to an original position after being exposed to a force, or the ability to return to an original shape after having been deformed. This meaning is in accord with the definition found in other common dictionaries. See, e.g., *Webster's Third New International Dictionary* (unabridged) 1932 (defining resilient as "returning freely to a previous position, shape or condition: as a moving swiftly back . . . b. capable of withstanding shock without permanent deformation or rupture . . . c. SPRINGY . . ." (first emphasis added); *Oxford English Dictionary* 714 (2d ed. 1989) (defining resilient as "1. Returning to the original position; springing back, recoiling, etc." and "2. Returning the original shape or position after being bent, compressed, or stretched"); *Random House Webster's Unabridged Dictionary* 1638 (2d ed. 1993) (defining resilient as "1. springing back; rebounding" and "2. returning to the original form or position after being bent, compressed, or stretched") (emphasis added). This meaning is in accord with the expert testimony proffered by Transclean, which explained that the patent uses the term resilient to mean "returning to the, some earlier position . . . or shape."

To support its proposed definition, Bridgwood cites various technical dictionaries that, supposedly, define "resilient" or "resilience." A closer examination of these sources reveals, however, that the technical definitions provided by Bridgwood in fact relate the definition of "resilience" and not "resilient." And, unlike "resilient," "resilience" generally refers to the stored energy of a strained—and typically elastic—material. For example, *Van Nostrand's Scientific Encyclopedia* 2673 (8th ed. 1995) defines resilience as follows: "resilience of a body measures the extent to which energy may be stored in it by elastic deformation." The *Dictionary of Mechanical Engineering* 314 (4th ed. 1996) defines resilience as "[t]he stored energy of a strained or elastic material, such as in a compressed spring or in rubber dampers, which

ogy 980 (1999) (defining resilience as the "[s]tored energy of a strained material, or the work done per unit volume of an elastic material by a bending moment, force, torque or shear force, in producing strain").

The majority chooses to rely upon Bridgwood's proffered definitions of "resilience" rather than the ordinary meaning of the actual claim term, "resilient," for two reasons. First, the majority finds that technical dictionaries are generally superior to common dictionaries. While dicta in *Bell Atlantic Network Services, Inc. v. Covad Communications Group, Inc.*, 262 F.3d 1258, 1267, 59 USPQ2d 1865, 1870 (Fed. Cir. 2001), states the view that technical dictionaries are preferred to common dictionaries, neither that case nor the case upon which it relied, *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 45 USPQ2d 1429 (Fed. Cir. 1998), involved a conflict between a common dictionary definition and that found in a scientific treatise—and neither does this case. The technical definitions are simply inapt because they define the wrong word—resilience instead of resilient. Indeed, the "common dictionaries" rejected by the majority are the only sources before the court that define both resilient and resilience, and notably, they define resilience in the same way as the supposedly superior technical dictionaries. For example, *Webster's Third New International Dictionary* 1932 (1993) defines resilience as follows:

1a: an act of springing back: rebound, recoil, elasticity b: capability of a strained body to recover its size and shape after deformation, esp. when the strain is caused by compressive stresses—called also *elastic resilience*

2: the recoverable potential energy of an elastic solid body or structure due to its having been subjected to stress not exceeding the elastic limit.

(Second emphasis added.) While it may often be preferable to look to a technical dictionary or treatise to provide the technical definition of a term as understood by practitioners of a particular art, I think that preference must fade when the technical dictionary does not provide a definition of the precise term used in the claim language. Therefore, I would hold that the trial court properly adopted the com-

The majority shores up its view of the correct meaning for "resilient" by holding that the phrase "exhibiting resilient characteristics for exerting a force" does not describe part of the function of the "means for equalizing the flow" limitation. I disagree with that holding, for it is clear to me that the "exhibiting resilient characteristics" phrase does define function. If I am correct on this point, then of course it is impermissible to define the function by reference to structure disclosed in the written description. Function must be defined by reference to ordinary principles of claim interpretation, before proceeding to determine corresponding structure. See *Kemco Sales, Inc. v. Control Papers Co.*, 208 F.3d 1352, 1361, 54 USPQ2d 1308, 1313 (Fed. Cir. 2000). The majority does not disagree with me on this point: if the phrase in question defines function, then resort to the specification to find structure to define the function is simply wrong, and ordinary tools of claim interpretation apply.

Instead, the majority holds that the phrase in question is actually part of the means for equalizing the flow, and that resort to the specification is required to find the structure corresponding to the means limitation. Thus, from the specification the majority fetches the flexible rubber-like diaphragm, and thereupon concludes that "exhibiting resilient characteristics" must require initial shape deformation because that is the characteristic of the diaphragm.

The majority's rationale is self-destructive. If the diaphragm is indeed the structure that corresponds to the "means for equalizing the flow" limitation—as both parties and all the judges on the case agree—then the majority must come to grips with the stark fact that the jury found that the piston structure in Bridgwood's device is structurally equivalent, for § 112 ¶ 6 infringement purposes, to the diaphragm disclosed in Figure 3. Indeed, the case was submitted to the jury precisely to resolve disputed issues of fact on the structural equivalence of the accused piston and the diaphragm structure. No question has been raised that substantial evidence does not support the jury's verdict. Consequently, if, as the majority holds, "exhibiting resilient characteristics for exerting a force" must be understood as

basis for disturbing the jury's verdict finding infringement.

In short, the majority is wrong on any pretation of the disputed phrase. If the phrase describes function, it must be interpreted ordinary interpretative canons, as did the district court. If the phrase is to be interpreted part of the means limitation, as the majority holds, then the jury verdict of infringement must stand. Either way, the jury verdict of infringement cannot properly be upset, and respectfully dissent from the majority on point.

British Telecommunications PLC v Prodigy Communications Corp.

U.S. District Court

Southern District of New York

No. 00 Civ. 9451 (CM)

Decided March 13, 2002

PATENTS

[1] Patent construction — Claim: Means (§ 125.1307)

"Central computer means" limitative claim of patent for information handling is not means-plus-function limit even though use of word "means" means-plus-function presumption, since recites entire structure, namely "computer necessary to perform claimed function of ing blocks of information; similarly, "remote terminal means" is not means-plus-function limitation, since claim language disc structure of remote terminal means b: scribing component parts of terminal, as as terminal's function of storing, retrieving and displaying, at remote terminal site, d information obtained from "computer means."

[2] Patent construction — Claims: Broad or narrow (§ 125.1303)

Patent construction — Claims — Limiting terms (§ 125.1305)

Phrase "central computer means," as in claim of patent for information handling